

Message Text

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13

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 H-02 L-03 PRS-01

PA-01 SP-02 USIA-06 AID-05 EB-07 NSC-05 CIEP-01 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /105 W

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R 130655Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7368

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USADB

PASS TREASURY FOR ZINMAN/MUNK

E. O. 11652: ADS, DECLAS 10/13/76

TAGS: EAID, EFIN

SUBJECT: PROPOSED ADB BORROWING IN U.S.

REF: (A) MANILA 8740; (B) TREASURY 76-65

1. FOLLOWING IS TEXT OF LETTER DATED 9 JULY 1976 TO U.S. DIRECTOR FROM ADB PRESIDENT. QUOTE. DEAR MR. PAPP: THE ASIAN DEVELOPMENT BANK PROPOSES TO BORROW IN THE IMMEDIATE FUTURE AN AGGREGATE PRINCIPAL AMOUNT NOT IN EXCESS OF \$100 MILLION IN THE MARKETS OF THE UNITED STATES OF AMERICA THROUGH AN ISSUE OF NOTES HAVING A MATURITY OF NOT LESS THAN TEN YEARS. THE INTEREST RATE, PRICE AND MATURITY OF THE NOTES HAVE NOT YET BEEN DETERMINED.

IN CONNECTION WITH THE PROPOSED BORROWING DESCRIBED ABOVE, I WISH TO REQUEST THE FOLLOWING APPROVALS OF YOUR GOVERNMENT, PURSUANT TO ARTICLE 21, PARAGRAPHS (I)(A), (B) AND (C), AND PARAGRAPH (II) OF THE AGREEMENT ESTABLISHING
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THE ASIAN DEVELOPMENT BANK:

- (1) APPROVAL FOR THE BANK TO SELL THE NOTES IN THE UNITED STATES (ARTICLE 21, PARAGRAPH (I)(A));
- (2) APPROVAL FOR THE BANK TO DENOMINATE THE NOTES IN THE UNITED STATES DOLLARS (ARTICLE 21, PARAGRAPH (I)(B));
- (3) APPROVAL FOR THE BANK TO EXCHANGE THE PROCEEDS OF THE ISSUE FOR THE CURRENCY OF ANY MEMBER OF THE BANK WITHOUT RESTRICTION (ARTICLE 21, PARAGRAPH (I)(C)); AND
- (4) APPROVAL FOR THE BANK TO BUY AND SELL THE NOTES IN THE UNITED STATES (ARTICLE 21, PARAGRAPH (II)).

IT IS THE UNDERSTANDING OF THE BANK THAT THE APPROVAL PURSUANT TO ARTICLE 21, PARAGRAPH (I)(A), REFERRED TO IN (1) ABOVE, WOULD APPLY TO THE INITIAL SALE OF THE NOTES AT THE TIME THE ISSUE IS MADE AND THAT THE APPROVAL PURSUANT TO ARTICLE 21, PARAGRAPH (II), REFERRED TO IN (4) ABOVE, WOULD APPLY TO PURCHASE AND RESALE BY THE BANK OF THE NOTES SUBSEQUENT TO THE ISSUE DATE.

IT IS ALSO THE UNDERSTANDING OF THE BANK THAT, IN LINE WITH THE INTERPRETATION DATED 12 APRIL 1975 OF THE GENERAL CONSEL OF THE TREASURY, THE MATURITY PERIOD OF "NOT LESS THAN TEN YEARS" WILL BE CALCULATED FROM THE DATE OF ISSUE OF THE NOTES (I.E., THE DATE FROM WHICH INTEREST BEGINS TO ACCRUE), NOTWITHSTANDING THE FACT THAT THE NOTES MAY NOT BE DELIVERED TO THE REPRESENTATIVES OF THE UNDERWRITERS, NOR PAID FOR ON THEIR BEHALF, UNTIL A "CLOSING DATE" WHICH IS A FEW DAYS AFTER SUCH DATE OF ISSUE.

BOARD CONSIDERATION OF THE PAPERS FOR THIS ISSUE HAS BEEN SCHEDULED FOR 29 JULY 1976. IT WOULD BE GREATLY APPRECIATED, THEREFORE, IF THIS REQUEST AND YOUR GOVERNMENT'S REPLY THERETO COULD BE TRANSMITTED BY TELEX.

YOUR GOVERNMENT'S FAVORABLE CONSIDERATION OF THIS REQUEST WOULD BE GREATLY APPRECIATED. SINCERELY YOURS,
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SHIRO INOUE, PRESIDENT. UNQUOTE.

2. ON 12 JULY ADB PRESIDENT SAID THAT HE MAY WISH TO SCHEDULE BOARD CONSIDERATION EARLIER THAN 29 JULY 1976 SINCE RECENT CONDITIONS IN U.S. CAPITAL MARKET APPEAR TO BE IMPROVING. U.S. DIRECTOR AGREED THAT BANK SHOULD EXPEDITE BOND ISSUE TO TAKE ADVANTAGE OF WHAT APPEARS TO BE TEMPORARY REDUCTION IN INTEREST RATE.

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Message Attributes

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Disposition History: n/a
Disposition Reason:
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